

Date of Auction: June 1, 2017
Auction Time: 10:00 a.m.
Auction Place: Syracuse, New York
Bid Deadline: May 26, 2017 (4:00 p.m.)

Date of Hearing to Approve Sale: June 13, 2017
Hearing Time: 2:00 p.m.
Hearing Place: Utica, New York
Objection Deadline: June 6, 2017

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re:

FOLTS HOME, *et al.*,¹

Debtors.

Case No. 17-60139
Chapter 11 (Main Case)
Case No. 17-60140

Jointly Administered

NOTICE OF AUCTION AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On February 16, 2017, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Orders Pursuant to Sections 105 And 363 of the Bankruptcy Code and Bankruptcy Rule 6004: (A) (i) Authorizing the Sale of Substantially All of the Debtors’ Assets, Free and Clear of All Liens, Claims, Interests and Encumbrances, Subject to the Terms of the Asset Purchase Agreement and Subject to Higher and/or Better Offers; (ii) Authorizing and Approving the Form of a Certain Asset Purchase Agreement with Upstate Service Group, LLC; and (iii) Authorizing the Debtors to Consummate all Transactions Related to the Proposed Sale; (B) Approving Bidding Procedures and Other Related Relief; and (C) Authorizing Debtors to Assume Certain Executory Contracts and Unexpired Leases and Assign Such Contracts and Leases to Purchaser Upstate Service Group, LLC Pursuant to 11 U.S.C. §§ 365(a), (b) and (c) and Bankruptcy Rule 6006(e)(1)* (the “Sale Motion”).²

2. The Debtors are seeking to sell all or substantially all of their assets (the “Assets”) to the Successful Bidder or Backup Bidder. Approval of the sale of Assets to either the Successful Bidder or Backup Bidder may result in, among other things, the assumption, assignment and/or transfer by the Debtors of certain executory contracts and leases. If you are a party to an executory contract or lease with the Debtors, you will receive a separate notice that

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Folts Home (2183) and Folts Adult Home, Inc. (7237).

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sale Motion and/or the Bidding Procedures Order, as applicable.

contains relevant dates and other information that may impact you as a party to an executory contract or lease.

3. On March 27, 2017, the United States Bankruptcy Court for the Northern District of New York (the “Bankruptcy Court”) entered an order approving bidding procedures and granting other relief related to the Debtors’ proposed sale (the “Bidding Procedures Order”). The Bidding Procedures approved by the Court are attached as Schedule 1 to the Bidding Procedures Order. Pursuant to the Bidding Procedures Order, if the Debtors receive more than one Qualified Bid for the Assets, an Auction for the Assets shall take place on **June 1, 2017, at 10:00 a.m. (prevailing Eastern Time)** at the offices of Bond, Schoeneck & King, PLLC, One Lincoln Center, Syracuse, New York. Only parties that have submitted a Qualified Bid in accordance with the Bidding Procedures by no later than **May 26, 2017 at 4:00 p.m. (prevailing Eastern Time)** (the “Bid Deadline”) may participate at the Auction. Any party that wishes to take part in this process and submit a bid for the Assets must submit their competing bid prior to the Bid Deadline and in accordance with the Bidding Procedures.

4. The Sale Hearing to consider approval of the sale of the Assets to the Successful Bidder or Backup Bidder free and clear of all liens, claims, and encumbrances will be held before the Honorable Diane Davis, United States Bankruptcy Court for the Northern District of New York, at the United States Courthouse located at 10 Broad Street, Utica, New York on **June 13, 2017 at 2:00 p.m. (prevailing Eastern Time)**, or at such other time thereafter as counsel may be heard. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing.

5. Objections, if any, to the sale, or the relief requested in the Motion (other than with respect to the assumption and assignment of executory contracts and unexpired leases which are the subject of a separate notice) must: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Rules; (c) be filed with the clerk of the Bankruptcy Court for the Northern District of New York, on or before **4:00 p.m. (prevailing Eastern Time) no later than seven (7) days prior to the date of the Sale Hearing** in accordance with Local Rule 9013-1(c); and (d) be served so as to be received no later than 4:00 p.m. (prevailing Eastern Time) on the same day, upon (i) counsel to the Debtors, Bond Schoeneck & King, PLLC, One Lincoln Center, Syracuse, New York, 13202, Attn: Stephen A. Donato, Esq. and Camille W. Hill, Esq.; (ii) the Office of the United States Trustee for the Northern District of New York, 10 Broad Street, Room 105, Utica, New York 13501, Attn: Guy A. Van Baalen, Esq.; (iii) counsel to receivers HomeLife at Folts, LLC and HomeLife at Folts-Claxton, LLC, Hancock Estabrook, LLP, 1500 AXA Tower I, 100 Madison Street, Syracuse, New York 13202, Attn: R. John Clark, Esq. and Manuel A. Arroyo, Esq. and Koch & Schmidt, LLC, 650 Poydras Street, Suite 2660, New Orleans, Louisiana 70130, Attn: F. Evans Schmidt, Esq. and Jennifer E. Barriere, Esq.; (iv) counsel for Upstate Service Group, LLC, Hinman, Howard & Kattell, LLP, 700 Security Mutual Building, 80 Exchange Street, Binghamton, New York 13901, Attn: Harvey D. Mervis, Esq.; (v) counsel to HUD, United States Department of Justice, Civil Division, P.O. Box 875, Ben Franklin Station, Washington, D.C. 20044, Attn: Taylor McConkie, Esq. and Roney Morris, Esq.; (vi) counsel for the IRS, Office of the United States Attorney, 100 South Clinton Street, Syracuse, New York 13261, Attn: William F. Larkin, Esq.; (vii) Counsel for the NYS

Department of Health, Bureau of Health Facility Planning, Division of Legal Affairs, Corning Tower ESP, Room 2482, Albany, New York 12237, Attn: Mark Furnish, Esq. and the Office of the New York State Attorney General, Civil Recoveries Bureau, Bankruptcy Litigation Unit, The Capitol, Albany, New York 12224-0341, Attn: Louis J. Testa, Esq.; and (viii) counsel to any committee(s) appointed in these cases (collectively, the "Notice Parties"). UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER HEARING OR NOTICE.

6. This notice is subject to the fuller terms and conditions of the Sale Motion, the Bidding Procedures Order, and the Bidding Procedures, which shall control in the event of any conflict and the Debtors encourage parties-in-interest to review such documents in their entirety. Parties interested in receiving more information regarding the sale of the Assets or obtaining a copy of any of the foregoing documents may make a written request to counsel to the Debtors, Bond Schoeneck & King, PLLC, One Lincoln Center, Syracuse, New York, 13202, Attn: Stephen A. Donato, Esq. and Camille W. Hill, Esq. In addition, copies of the Motion, the Bidding Procedures Order, the Bidding Procedures and this Notice can be found on the Bankruptcy Court's electronic case management website, <http://ecf.nynb.uscourts.gov> and are on file with the Clerk of the Bankruptcy Court.

Dated: March 29, 2017
Syracuse, New York

BOND, SCHOENECK & KING, PLLC

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